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Message Text

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62
ACTION EA-10

INFO OCT-01 EUR-12 ISO-00 CU-02 NSCE-00 CIAE-00 DODE-00

PM-03 H-01 INR-05 L-02 NSAE-00 NSC-05 PA-01 RSC-01

PRS-01 SP-02 SS-15 USIA-06 SAJ-01 SAM-01 EB-07 COME-00

TRSE-00 CIEP-01 STR-01 IO-10 NIC-01 /089 W
---------- 060558
R 140110Z DEC 74
FM USLO PEKING
TO SECSTATE WASHDC 2964
INFO AMEMBASSY WARSAW
AMCONSUL HONG KONG

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E.O. 11652: N/A
TAGS: ETRD, CH, PL
SUBJECT: PRC OFFICIAL COMMENTS ON TRADE DEFICIT;
SINO-POLISH TRADE

REF: PEKING 1590

1. POLISH COMMERCIAL ATTACHE JAN SWITALA, IN CONVERSATION WITH USLO OFFICER DECEMBER 13, SAID HE WAS TOLD BY A CHINESE MINISTRY OF FOREIGN TRADE OFFICIAL LAST WEEK THAT THE PRC IS RUNNING AN OVERALL TRADE DEFICIT OF OVER $500 MILLION. HE IDENTIFIED THE OFFICIAL AS WANG PIN, DIRECTOR OF THE MFT FIRST DEPARTMENT WHICH DEALS WITH SOCIALIST COUNTRIES.

2. SWITALA ALSO SAID THE CHINESE HAVE BEEN ANXIOUS TO INCREASE SALES TO THE POLES AND OTHER EAST EUROPEANS OF PRODUCTS THEY WERE UNABLE TO SELL TO NON-SOCIALIST COUNTRIES AT THE RECENT CANTON FAIR. HE CITED PORCELAIN PRODUCTS, HANDIFCRAFTS AND SOME TEXTILES AS CATEGORIES THE CHINESE HAVE URGED UPON THE POLES. HE SAID THE CHINESE ARE ALSO SEEKING TO BUY ABOUT SWISS FRANCS 25 MILLION WORTH OF UREA FROM BULGARIA (SF 15 MILLION), CZECHOSLOVAKIA
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(SF 5 MILLION) AND POLAND (SF 5 MILLION) AS THE RESULT OF PROBLEMS THEY HAVE HAD IN OBTAINING NEEDED QUANTITIES FROM OTHER SOURCES.

3. NEGOTIATIONS FOR THE 1975 POLAND-PRC TRADE AGREEMENT ARE WELL ADVANCED, SWITALA SAID, AND IT IS EXPECTED TO BE SIGNED BY VICE MINISTER OF FOREIGN TRADE CHEN CHIEH IN WARSAW IN EARLY JANUARY. THE AGREEMENT OVERALL WILL PROVIDE FOR A 10 TO 15 PERCENT INCREASE OVER 1974. (THIS YEAR'S AGREEMENT CALLS FOR BALANCED TRADE TOTALLING SF 300 MILLION - REFTEL). IN 1975, CHINA WILL BUY SF 24 MILLION WORTH OF COAL MINING EQUIPMENT, UP FROM SF 20 MILLION IN 1974. THE CHINESE, SWITALA SAID, ARE VERY ANXIOUS TO BUY MORE COAL MINING EQUIPMENT, BUT COMMITTMENTS ELSEWHERE PREVENT THE POLES FROM MEETING THESE REQUESTS. NEW ITEMS OF CHINESE PURCHASE IN THE 1975 AGREEMENT INCLUDE ROLLED STEEL PRODUCTS (63 THOUSAND TONS) AND UREA (SEE ABOVE).

4. COMMENT: IT IS RARE FOR A CHINESE OFFICIAL TO GIVE INFORMATION ON THE BALANCE OF TRADE, BUT WE HAVE NO REASON TO DOUBT SWITALA'S REPORT ON WANG'S REMARK.
BECAUSE OF THE USUAL SURPLUS IN PRC TRADE WITH SOCIALIST PARTNERS (DUE AID SHIPMENTS), A $500 MILLION OVERALL DEFICIT WOULD IMPLY AN EVEN GREATER IMBALANCE (PERHAPS $700 TO 800 MILLION) IN CHINA'S TRADE WITH NON-SOCIALIST PARTNERS. THESE FIGURES ROUGHLY ACCORD WITH VARIOUS PRELIMINARY ESTIMATES OF CHINA'S FOREIGN TRADE IN 1974, AND HELP EXPLAIN WHY CHINESE TRADE OFFICIALS HAVE TAKEN A NUMBER OF MOVES IN RECENT MONTHS TO EASE THE SIZE OF THE DEFICIT.
HOLDRIDGE

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